

Transcript of hearing June 7, 1996 in Re Gerald Armstrong, US Bankruptcy Court, Northern District of California, no. 95-10911, Judge Alan Jaroslovsky presiding:

Clerk: Number one, Gerald Armstrong.

LJB: Good morning, your honor, Laurie Bartilson for creditor Church of Scientology International.

GA: Good morning, your honor, Gerald Armstrong.

Court: All right, well, Mr. Armstrong, you basically don't seem to understand the law in this matter. If there's an allegation of fraudulent transfers, and the trustee doesn't want to pursue it, a creditor may pursue it. They can't sue you. But they can sue the persons that they've alleged you transferred the money to. It's that simple.

GA: Are you saying then, your honor, that in that sense I am dismissed as a defendant in that action. They must proceed against them alone.

Court: Yes.

GA: OK. And even though, your.. Scientology presented their same set of facts, and the same.. that issue was litigated in front of your honor back at our trial, you're still saying that they may proceed?

Court: Essentially. It's not my job to give legal advice, and that may be an argument that can be raised in that action by someone else. But it doesn't preclude what the Church of Scientology wants. So.. in other words, to the extent you are named as a defendant, no they can't go against you. But to the extent that they're saying that you gave money to somebody else

in order to keep Scientology from having it, they may pursue that action to try to recover that. So, that's just the way the law is. There's not anything here really to think about. It just appeared to me from your opposition that you really didn't understand what was going on, or maybe you were confused by the fact that you had been named as a defendant. They can't proceed against you.

GA: OK, your honor.

Court: All right, does the church understand that?

LJB: Yes, your honor.

Court: All right, so.. with that understanding. Now the trustee was concerned that everybody hadn't been served. Has everybody been served in this case?

LJB: Everybody's been served your honor, and given notice of the reply and the hearing today.

Court: All right. That being the case, then the motion is granted.

LJB: Thank you.

GA: Thank you, your honor.